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FISCAL IMPACT STATEMENT

LS 7576

BILL NUMBER: SB 369

NOTE PREPARED: Jan 8, 2007

BILL AMENDED:

SUBJECT: Housing maintenance property tax credits.

FIRST AUTHOR: Sen. Wyss

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows a municipal legislative body to designate an area within the municipality as a housing maintenance area. It provides that the total territory of all housing maintenance areas in a municipality may not exceed 5% of the territory of the municipality. The bill provides that a person that makes certain maintenance expenditures on qualified residential property in a housing maintenance area is entitled to a credit against municipal property taxes.

This bill provides that the maintenance expenditures are eligible for the credit only if they are paid to a contractor licensed by the municipality. It provides that the credit equals the result of: (1) 50% of the amount of the person's maintenance expenditures; divided by (2) the number of years for which the person may claim the credit and provides that the credit may not exceed 50% of the person's municipal property tax liability.

The bill requires an ordinance designating a housing maintenance area to specify: (1) the categories of residential property that are eligible for the credit; (2) the number of years for which a taxpayer may claim the credit (not to exceed ten years); (3) the municipal department responsible for administering the credit; (4) any limits on the eligibility of a person to claim a credit because of unsafe building violations or health and safety violations; and (5) the types of maintenance for which a credit may be claimed.

Effective Date: January 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under this proposal, maintenance credits could be granted by a municipality to homestead, apartment, and residential rental taxpayers based on qualified maintenance expenses within a housing maintenance area. Allowable expenses would include:

- Gutter additions or repair;
- Window repair;
- Masonry work;
- Roofing repair or replacement;
- Furnace repair or replacement;
- Electrical work;
- Plumbing;
- Foundation repair; and
- Painting.

The credits would be granted only against the municipality's portion of the taxpayer's property tax liability and may be paid out evenly over several years. Credits may not be claimed for more 10 years and the annual amount paid may not exceed 50% of the taxpayer's municipal property tax liability. Credit applications would have to be filed by May 14th to be eligible for payment in the next calendar year. The credits would reduce the municipality's property tax revenue in the years paid.

There are currently about 576 municipalities in Indiana. The 2006 net levy for these municipalities was about \$1.1 B. Any loss in revenue would depend on local municipal action.

State Agencies Affected:

Local Agencies Affected: Municipalities; County auditors.

Information Sources: Local Government Database.

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